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India

Oilseeds and Products Update

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Report Highlights:

Soybean production in marketing year (MY) 2017/18 (Oct-Sept) is revised down to 10 million metric tons (MMT) produced from an estimated planted area of 10.5 million hectares. The latest planting report from Ministry of Agriculture (MinAg) indicates soybean planted area is 10.2 million hectares, nine percent below last year. However, a minor upward revision in planted area may follow in future updates from MinAg. The preceding observation assumes near normal yield and favorable weather conditions through harvest.

Regarding total oilseed production, after considering net decline in *kharif (*fall harvest) oilseed

production and assuming a normal output for winter-sown oilseeds, total oilseed production for MY 2017/18 is now revised down from 38.6 MMT to 35.9 MMT. As a result, an estimated six percent less oilseed will be available for crushing. Edible oil imports will rise modestly to 16.6 MMT given sufficient current stocks but oil meal export sales will get trimmed to 2.4 MMT to adjust for local demand and competition from international suppliers.

Post:
New Delhi

Commodities:
Oilseed, Soybean

Meal, Soybean

Oil, Soybean

Oilseed, Sunflowerseed

Meal, Sunflowerseed

Oil, Sunflowerseed

Oilseed, Peanut

Meal, Peanut

Oil, Peanut

Oil, Palm

Author Defined:

2017 *Kharif* Soybean Production Revised Down from 11.5 to 10 MMT

The 2017 *kharif* soybean, peanut, and sunflower crops were planted on 13.9 million hectares, 10.4 percent below last year. Erratic rainfall distribution and intermittent dry spells delayed re/planting operations particularly from June through mid-July (peak planting period). This in turn encouraged farmers to shift a part of their cultivable land from oilseeds to more profitable cotton, short-duration black gram, forage crops, and vegetable crops. During that same time, lower price realization for oilseeds discouraged some farmers from expanding their planted area. Market prices for oilseeds in recent months were almost 20 to 30 percent below last year. Note: *The planting data is from the MinAg, Government of India (GOI) and is for crop year 2017 (July-June).*

Assuming normal growing conditions through September (harvest period), MY 2017/18 soybean production is revised down from 11.5 MMT to 10 MMT to indicate lower than normal area planted. (The 5-year average is 11 million hectares). Yield is expected to be near normal, again assuming weather remains favorable through harvest. Compared to last year, soybean planting is down nine percent to 10.2 million hectares with Madhya Pradesh (MP) reporting more than 10 percent decline. Minor upward revisions in planted area may follow in future updates from MinAg. However, unlike last year, no new additional area was planted to soybeans, particularly in the states of Telangana, Andhra Pradesh, and Karnataka.

The above assessment is preliminary and is based on prevailing weather conditions. The monsoon rainfall from June 1 through Aug 21 across India was four percent below the Long Period Average (LPA) of 89 cm (for period 1951-2000). Of the major soybean growing regions, only central Maharashtra, parts of Gujarat, and eastern Rajasthan (which cover less than 20 percent of total soybean planted area) received normal rainfall; the remaining regions (80 percent of production) have received rainfall 20-25 percent below normal and are experiencing soil moisture stress. However, the most current Indian Meteorological Department weather forecast of widespread rains in central India (for period Aug 17 to 23) should bring some relief to the standing soybean crop, particularly in Maharashtra and western MP.

Soybean yield and quality of beans are often affected by adverse weather conditions such as sporadic, heavy, and untimely rains; little or poor sunshine during critical growth stages; and poor drainage. The affect is greatest when soybeans are in the reproductive or advanced stage of maturity. Any incidence of pests, disease, or weeds cause decreases in effective yields. Adverse crop growing conditions suggest the need for a robust weather-linked insurance mechanism to safeguard farmers' interest against all kinds of risk.

Regarding the peanut crop, area and production for MY 2017/18 are revised lower to 4.8 million hectares and 5.8 MMT, respectively. Major peanut growing regions in Andhra Pradesh, Karnataka, Madhya Pradesh and Maharashtra experienced a shortage of rainfall and as a result peanut planted area in these regions declined by more than 750,000 hectares compared to last season. Moreover, some additional area planted in Gujarat, Uttar Pradesh and Rajasthan could only compensate for less than a third of the net decline reported from Southeastern and central Indian states combined. The latest planting report (as of August 10, 2017) indicates *kharif* peanut planting at 3.7 million hectares, thirteen percent below last season. The summer planting is assumed to be normal. Peanut planted area and production for MY 2016/17 remain unchanged at 5.5 million hectares and 6.3 MMT.

Similarly, assuming normal growing conditions during the 2017 *rabi* (winter-sown) season, total sunflower area and production for MY 2017/18 is revised lower to 315,000 hectares and 265,000 metric tons, respectively. The latest planting report indicates *kharif* sunflower planted on 116,000 hectares compared to 142,000 hectares planted last season. As indicated previously, the average annual decline in sunflower production is estimated at 13 percent mostly due to farmers' shifting to other crops which offer better returns.

After considering net decline in *kharif* oilseed production and assuming a normal output for winter-sown oilseeds, total oilseed production for MY 2017/18 is now revised down from 38.6 MMT to 35.9 MMT. As a result, an estimated six percent less oilseed will be available for crush to meal and oil. Edible oil imports will rise only modestly given already sufficient stocks and oilmeal trade will adjust to local demand and price competitiveness in international markets.

MY 2017/18 Edible Oil Imports Will Rise 10 Percent to 16.6 MMT

According to Customs Notification (No. 71/2017 dated Aug 11, 2017), the import duty on crude palm oil has now been raised from 7.5% to 15%; RBD Palmolein (and palm oil) from 15% to 25%; and crude soybean oil from 12.5% to 17.5%. Before the increase in duties importers preferred to stock refined palm oil due to minimal price difference with crude palm oil (CPO), [leading to larger imports of refined at cost of CPO]. Referring to Table-1 below, except for refined palm and crude sunflower oil (combined share in import basket is currently 35%), import of other edible oils (65%) had shrunk compared to last year. As a result, MY 2016/17 edible oil imports are now revised lower to 15 MMT, which is 6.4 percent below the previous estimate.

Despite the decrease in imports, edible oil stocks are apparently sufficient to meet consumption demand. India's monthly requirement is about 1.75 MMT and operates at 30 days reserve stock; current stocks are 2.47 MMT, or 42 days of reserve stock (SEA press release).

Meanwhile, MY 2017/18 edible oil import is revised down from 16.8 MMT to 16.6 MMT to reflect present trade estimates. However, compared to the current year's estimate of 15 MMT, import growth is at a modest 10 percent. Tightening palm oil supplies will slightly limit imports but will encourage import of soft oils at competitive prices to partially fill the gap. The import basket is expected to include 10 MMT of palm oil, 4.2 MMT of soybean oil, 2 MMT of sunflower seed oil and remaining 'other' oils.

MY 2017/18 Oilmeal Export Forecast is Trimmed to 2.4 MMT

The MY 2017/18 oilmeal export forecast is trimmed to 2.4 MMT, 11 percent below last estimate to indicate lower than anticipated quantity of oilseeds available for crush. However, the future direction of export sales will depend on competitiveness of Indian oilmeals in the international markets and local demand from poultry integrators.

MY 2016/17 oilmeal exports (excluding rice bran and castor meal) are revised to 1.8 MMT, almost 25 percent above previous estimate. Of total oil meal sales, soymeal is 1.4 MMT, which is 350,000 metric tons higher than last estimate. The price premium for Indian meal has come down recently and so has the price disparity in crushing beans to oil and meal. As a result, a number of countries have begun importing soymeal, such as South Korea, Thailand, Vietnam, Taiwan, Japan, Nepal, France, Myanmar, Sri Lanka, Germany and the United States, albeit in smaller volumes.

Table 1. India: Edible Oil Imports, 1000 Metric Tons

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	**Oct 16-Jul-17**	Oct 15 - Jul-16	% Change
RBD palm-olein	222	241	246	197	233	219	232	294	241	294	2,419	2,211	9
Crude palm oil	514	557	473	408	498	454	511	492	572	515	4,997	5,007	0
Crude palm olein	0	473	0	0	0	0	0	0	0	0	0	0	
Crude Palm kernel oil	3	408	4	4	4	7	9	12	7	11	65	71	9
Total palm oil	**739**	**801**	**723**	**609**	**736**	**680**	**753**	**799**	**820**	**820**	**7,481**	7,289	**3**
Crude soybean oil	278	164	232	167	252	230	305	340	291	438	2,697	3,564	24
Refined soybean oil	0	0	0	0	0	0	0	0	0	0	0	0	0
Total soy oil	**278**	**164**	**232**	**167**	**252**	**230**	**305**	**340**	**291**	**438**	**2,697**	3,564	**24**
Crude sun oil	97	158	186	215	209	182	235	155	169	201	1,806	1,316	37
Refined sun oil	0	0	0	0	0	0	0	0	0	0	0	0	0
Total sun oil	**97**	**158**	**186**	**215**	**209**	**182**	**235**	**155**	**169**	**201**	**1,806**	1,316	**37**
Canola Rape oil	44	32	33	18	37	0	32	29	13	0	239	272	12
Cottonseed Oil	0	0	0	0	0	0	0	0	0	0	0	0	0
Saflower oil	0	0	0	0	0	6	0	0	0	0	6	0	
Coconut oil	0	0	0	0	0	0	0	0	0	0	0	0	
Grand Total	1,158	1,156	1,174	1,008	1,234	1,098	1,324	1,324	1,294	1,459	**12,229**	12,441	2

Source: Solvent Extractors' Association (SEA) of India

Table 2. India: Oilmeal Exports, Metric Tons

	Soybean meal	**Rapeseed meal**	**Peanut meal**	**Sunflower meal**	**Total**
Oct-16	3,177	23,720	514	0	27,411
Nov-16	51,805	12,304	411	0	64,520
Dec-16	160,949	2,292	513	0	163,754
Jan-17	111,060	2,261	296	0	113,617
Feb-17	207,977	22,858	362	0	231,197
Mar-17	107,059	7,666	310	0	115,035
Apr-17	124,374	35,850	0	0	160,224
May-17	48,900	56,107	0	0	105,007
Jun-17	45,975	58,899	0	0	104,874
Jul-17	30,678	2,639	205	0	33,522
Surface Transport (Oct-16 to May 2017)	335,000	36,150	0		371,150
Oct 16-July-17	**1,226,954**	**260,746**	**2,611**	**0**	**1,490,311**
Oct 15-July-16	156,663	151,233	809	0	308,705
% Change	683	72	223		383

Source: SEA of India

Statistical Tables:

Table 3. India: Commodity, Oilseed, Soybean, PSD

Oilseed, Soybean	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	11665	11650	11700	11400	10500	10500
Area Harvested	11665	11600	11400	11400	10500	10500
Beginning Stocks	200	200	138	234	988	654
Production	6929	7125	11500	10500	10000	10000
MY Imports	53	53	100	50	110	60
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	7182	7378	11738	10784	11098	10714
MY Exports	134	134	200	180	220	180
MY Exp. to EU	30	30	25	20	25	20
Crush	5700	5800	8900	8000	8700	8500
Food Use Dom. Cons.	360	360	650	650	650	600
Feed Waste Dom. Cons.	850	850	1000	1300	1000	1200
Total Dom. Cons.	6910	7010	10550	9950	10350	10300
Ending Stocks	138	234	988	654	528	234
Total Distribution	7182	7378	11738	10784	11098	10714
CY Imports	64	20	60	20	60	60
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	150	150	250	200	250	250
CY Exp. to U.S.	90	100	90	100	90	90
Yield	0.594	0.6142	1.0088	0.9211	0.9524	0.9524
(1000 HA) ,(1000 MT) ,(MT/HA)						

Table 4. India: Commodity, Meal, Soybean, PSD

Meal, Soybean	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	5700	5800	8900	8000	8700	8500
Extr. Rate, 999.9999	0.8	0.8	0.8	0.8	0.8	0.8
Beginning Stocks	553	553	119	119	646	226
Production	4560	4640	7120	6400	6960	6800
MY Imports	45	45	7	7	7	7
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	5158	5238	7246	6526	7613	7033
MY Exports	409	409	1650	1400	1700	1600
MY Exp. to EU	124	0	175	0	200	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	160	160	250	300	350	350
Feed Waste Dom. Cons.	4470	4550	4700	4600	5100	5000
Total Dom. Cons.	4630	4710	4950	4900	5450	5350
Ending Stocks	119	119	646	226	463	83
Total Distribution	5158	5238	7246	6526	7613	7033
(1000 MT) ,(PERCENT)						

Table 5. India: Commodity, Oil, Soybean, PSD

Oil, Soybean	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	5700	5800	8900	8000	8700	8500
Extr. Rate, 999.9999	0.1798	0.1759	0.1798	0.175	0.1798	0.1741
Beginning Stocks	521	521	512	908	412	498
Production	1025	1020	1600	1400	1564	1480
MY Imports	4269	4367	3700	3700	4200	4200
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	5815	5908	5812	6008	6176	6178
MY Exports	3	0	0	10	0	15
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	5300	5000	5400	5500	5750	6000
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	5300	5000	5400	5500	5750	6000
Ending Stocks	512	908	412	498	426	163
Total Distribution	5815	5908	5812	6008	6176	6178
(1000 MT) ,(PERCENT)						

Table 6. India: Commodity, Oilseed, Sunflower seed PSD

Oilseed, Sunflowerseed	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	483	500	381	340	335	315
Area Harvested	483	500	381	340	335	315
Beginning Stocks	0	0	0	0	0	0
Production	320	440	275	275	270	265
MY Imports	2	0	3	0	2	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	322	440	278	275	272	265
MY Exports	3	0	3	0	4	0
MY Exp. to EU	0	0	0	0	0	0
Crush	280	390	240	235	230	235
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	39	50	35	40	38	30
Total Dom. Cons.	319	440	275	275	268	265
Ending Stocks	0	0	0	0	0	0
Total Distribution	322	440	278	275	272	265
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	3	0	2	0	2	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	0.6625	0.88	0.7218	0.8088	0.806	0.8413
(1000 HA) ,(1000 MT) ,(MT/HA)						

Table 7. India: Commodity, Meal, Sunflower seed PSD

Meal, Sunflowerseed	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	280	390	240	235	230	235
Extr. Rate, 999.9999	0.4821	0.4795	0.4792	0.4809	0.487	0.4809
Beginning Stocks	0	0	0	0	0	0
Production	135	187	115	113	112	113
MY Imports	184	185	300	150	250	100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	319	372	415	263	362	213
MY Exports	4	0	5	0	5	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	315	372	410	263	357	213
Total Dom. Cons.	315	372	410	263	357	213
Ending Stocks	0	0	0	0	0	0
Total Distribution	319	372	415	263	362	213
(1000 MT) ,(PERCENT)						

Table 8: India: Commodity, Oil, Sunflowerseed, PSD

Oil, Sunflowerseed	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	280	390	240	235	230	235
Extr. Rate, 999.9999	0.375	0.3615	0.375	0.3617	0.3739	0.3617
Beginning Stocks	331	331	260	402	327	487
Production	105	141	90	85	86	85
MY Imports	1492	1530	1900	2000	1800	2000
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1928	2002	2250	2487	2213	2572
MY Exports	3	0	3	0	3	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	1665	1600	1920	2000	1900	2200
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1665	1600	1920	2000	1900	2200
Ending Stocks	260	402	327	487	310	372
Total Distribution	1928	2002	2250	2487	2213	2572
(1000 MT) ,(PERCENT)						

Table 9: India: Commodity, Oilseed, Peanut, PSD

Oilseed, Peanut	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	4552	4500	5500	5500	5000	4800
Area Harvested	4552	4500	5500	5500	5000	4800
Beginning Stocks	500	500	299	492	769	242
Production	4470	4900	6920	6300	5500	5800
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	4970	5400	7219	6792	6269	6042
MY Exports	771	858	1050	1050	800	850
MY Exp. to EU	20	20	20	25	20	25
Crush	2650	2800	3700	3800	3500	3330
Food Use Dom. Cons.	800	900	1200	1300	1300	1200
Feed Waste Dom. Cons.	450	350	500	400	450	375
Total Dom. Cons.	3900	4050	5400	5500	5250	4905
Ending Stocks	299	492	769	242	219	287
Total Distribution	4970	5400	7219	6792	6269	6042
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	874	650	900	550	900	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	0.982	1.0889	1.2582	1.1455	1.1	1.2083
(1000 HA) ,(1000 MT) ,(MT/HA)						

Table 10: India: Commodity, Meal, Peanut, PSD

Meal, Peanut	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2650	2800	3700	3800	3500	3330
Extr. Rate, 999.9999	0.42	0.4	0.4189	0.4	0.4143	0.4
Beginning Stocks	0	0	0	0	0	0
Production	1113	1120	1550	1520	1450	1332
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1113	1120	1550	1520	1450	1332
MY Exports	6	1	8	3	8	2
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	5	5	5	5	5	5
Feed Waste Dom. Cons.	1102	1114	1537	1512	1437	1325
Total Dom. Cons.	1107	1119	1542	1517	1442	1330
Ending Stocks	0	0	0	0	0	0
Total Distribution	1113	1120	1550	1520	1450	1332
(1000 MT) ,(PERCENT)						

Table 11: India: Commodity, Oil Peanut, PSD

Oil, Peanut	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2650	2800	3700	3800	3500	3330
Extr. Rate, 999.9999	0.3302	0.3393	0.3297	0.3421	0.3229	0.3399
Beginning Stocks	92	92	82	70	172	145
Production	875	950	1220	1300	1130	1132
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	967	1042	1302	1370	1302	1277
MY Exports	11	12	20	15	15	15
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	10	10	10	10	10	8
Food Use Dom. Cons.	864	950	1100	1200	1050	1150
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	874	960	1110	1210	1060	1158
Ending Stocks	82	70	172	145	227	104
Total Distribution	967	1042	1302	1370	1302	1277
(1000 MT) ,(PERCENT)						

Table 12: India: Commodity, Oil, Palm, PSD

Oil, Palm	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	282	0	296	0	310
Area Harvested	80	0	80	0	80	0
Trees	0	0	0	0	0	0
Beginning Stocks	539	539	496	307	446	237
Production	200	218	200	230	200	240
MY Imports	8857	9150	9000	9000	9500	10000
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	9596	9907	9696	9537	10146	10477
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	500	600	550	500	700	700
Food Use Dom. Cons.	8600	9000	8700	8800	8900	9500
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	9100	9600	9250	9300	9600	10200
Ending Stocks	496	307	446	237	546	277
Total Distribution	9596	9907	9696	9537	10146	10477
CY Imports	8256	9565	9500	9700	9400	10000

CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	2.5	0	2.5	0	2.5	0
(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)						